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MAILED

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In re Patent of Hermansen et al. :
Patent No. 6,205,885 :
Issue Date: March 27, 2001 :
Application No. 09/391,709 :
Filing Date: September 8, 1999 :
Attorney Docket No. SLIP-21 :

OFFICE OF PETITIONS
Decision on Petition

This is a *corrected* decision on the petition under 37 CFR 1.378(e), filed July 31, 2008, to reinstate the above-identified patent. The decision mailed October 15, 2008, is hereby **vacated**.

The petition is **DENIED**. This decision may be viewed as a final agency action within the meaning of 5 U.S.C. 704 for purposes of seeking judicial review. See MPEP 1002.02. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

Since this patent will not be reinstated, the Office has scheduled a refund of maintenance fees and surcharges submitted by petitioner. The fee for requesting reconsideration is not refundable. Therefore the Office has scheduled a refund of:

- (1) \$685 for the surcharge submitted October 18, 2007, and
- (2) \$465 for the 3.5 year maintenance fee submitted October 18, 2007.

The Office has credited the following fees back to petitioner's deposit account:

- (1) \$15 for the remainder of the \$700 surcharge paid October 18, 2007,
- (2) \$65 for the surcharge submitted November 6, 2008, and
- (4) \$1,240 for the 7.5 year maintenance fee submitted November 6, 2008,

BACKGROUND

The patent issued March 27, 2001. The 3.5 year maintenance fee could have been paid from March 27, 2004, through September 27, 2004, or with a surcharge during the period from September 28, 2004, to Monday, March 28, 2005. The maintenance fee was not timely paid and the patent expired at midnight on March 29, 2005.

A petition under 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b) was filed October 18, 2007, and was dismissed in the decision of April 9, 2008.

Petitioner filed a request for reconsideration under 37 CFR 1.378(e) on July 31, 2008.

On October 15, 2008, the Office mailed a decision granting the July 31, 2008 petition. As a result, the patent was reinstated.

Petitioner submitted the 7.5 year maintenance fee and the required surcharge on November 6, 2008.

APPLICABLE STATUTE AND REGULATION

35 U.S.C. 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. 41(c)(1) states that, "The Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**" (emphasis added)

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . became aware of . . . the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent.

OPINION

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

In order for a party to prove unavoidable delay, the Office requires the party demonstrate the party exercised the "care or diligence tha[t] is generally used and observed by prudent and careful men in relation to their most important business."¹ However, "the question of whether [delay] was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."² The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision is based solely on the written, administrative record in existence.

¹ *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). See also *Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

² *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

Facts

Petitioner is Crank Brothers, a bicycle company. The inventors, Carl Winefordner and Frank Hermansen, own Crank Brothers.

During 1995, Attorney Leonard Tachner began representing petitioner with respect to patent matters.

Petitioner worked with Tachner in one of the following three ways with respect to the filing and prosecution of applications for patents:

- (1) Tachner would draft the entire application, file the application, prosecute the entire application, pay the issue fee, and pay maintenance fees;
- (2) The inventors would draft the application, except for the claims, and then hand all further responsibilities, including editing the draft, filing the application, prosecuting the application, paying the issue fee, and paying maintenance fees to Tachner; or
- (3) The inventors would draft the application, except for the claims, Tachner would edit the draft and add claims, the inventors would file the application and pay the issue fee, and Tachner would handle payment of maintenance fees.³

Winefordner indicates the third method was used by the inventors in order to save money. Winefordner has also stated petitioner was “struggling financially up until fairly recently.”⁴

Winefordner indicates saving money was not the only benefit of the inventors drafting the application. Winefordner states, “We’ve always felt as inventors that our direct involvement in writing the patent is essential to end up with the strongest possible patent.”⁵

The inventors appear to have used the third method when filing the application which issued as the instant patent. Winefordner states,

Our plan was to turn over this patent to Mr. Tachner as soon as we received the first Office action, but as it turned out, this patent was approved without any Office actions. So Frank and I paid the issue fee directly.”⁶

The instant patent issued March 27, 2001.

³ Declaration of Carl Winefordner, Paragraph 3.

⁴ Ibid.

⁵ Id. at paragraph 7.

⁶ Id. at paragraph 4.

On or about March 2001, the inventors “met with Leonard Tachner’s secretary, Janis Foreman, to request that the Law Office of Leonard Tachner take over all responsibility for this patent including payment of future maintenance fees.”⁷

Foreman states,

Around March 2001, when the Firm received the above-captioned issued patent, I supervised [another employee] to [ensure] entries were made in the docket system for September 27, 2004 (3.5 yr annuity), September 27, 2008 (7.5 yr annuity) and September 27, 2012 (11.5 yr annuity) deadlines for payment of the maintenance fees.⁸

On October 15, 2001, Tachner paid the 3.5 year maintenance fee for another patent, Patent No. 5,676,529. On the same day, Tachner sent petitioner a bill charging petitioner \$440 for the maintenance fee and \$100 for handling payment of the fee.⁹

Tachner also paid maintenance fees for the following patents:

July 12, 2002	3.5 year fee paid for Patent No. 5,857,509 (See Exhibit D3)
February 23, 2004	3.5 year fee paid for Patent No. 6,027,319 (See Exhibit D2)
February 23, 2004	3.5 year fee paid for Patent No. 6,059,245 (See Exhibit D4)
April 15, 2004	3.5 year fee paid for Patent No. 6,085,744 ¹⁰

During mid-2004, petitioner communicated with Janis Foreman. Foreman states,

I recall ... a discussion with the client indicating that they would pay their own annuities. It is not unusual for a client to express the desire to pay their own maintenance fees in order to avoid having to pay the firm the additional service fee we charge for doing so.¹¹

Inventor Winefordner’s declaration states, “I am without any doubt sure that I never told [Foreman] that I or we would pay [the maintenance fee for the instant patent] ourselves.”¹²

Inventor Hermansen’s declaration states, “[Winefordner] and I were stunned to discover that the

⁷ Declaration of Frank Hermansen, Paragraph 3. See also Winefordner Declaration, Paragraph 5.

⁸ Declaration of Janis Foreman, Paragraph 3.

⁹ See Attachment to Winefordner declaration.

¹⁰ Although a copy of the front of the folder for this patent has not been supplied, Office records indicate the 3.5 year fee was charged to Tachner’s Deposit Account.

¹¹ Foreman declaration, Paragraph 4.

¹² Paragraph 5.

maintenance fee had not been paid [by Tachner, and] I am in as much disbelief as [Winefordner] that this could have happened.”¹³

Foreman has stated, “[T]here appears to have been confusion between the client and myself regarding who would pay the maintenance fees.”¹⁴

Foreman states the instructions for Tachner’s Office to discontinue handling maintenance fees came from the “client.” Foreman fails to specify if the instructions came from Winefordner, Hermansen, or both. However, Tachner’s declaration indicates Foreman has stated she was “instructed by Winefordner *and* Hermansen that they would be paying their own maintenance fees.”¹⁵

Attorney Tachner has declared, “I believe Ms. Foreman either did not unambiguously understand the client’s instruction or was distracted or confused, or was not functioning in her usually dependable way.”¹⁶ Tachner also states, “I earnestly believe that Ms. Foreman misunderstood the instructions of our client ... in regard to who would be responsible to pay their future maintenance fees.”¹⁷

After the communication between Foreman and both inventors, Foreman changed the law firm’s records to indicate petitioner would be paying petitioner’s own maintenance fees in the future. As a result, the maintenance fee was not timely paid for the instant patent and the patent expired on March 29, 2005. The changes to the firm’s records also resulted in the expiration of Patent No. 5,676,529 on October 15, 2005, and Patent No. 5,857,509 on January 23, 2007.

During October 2007, petitioner discovered the maintenance fees had not been paid for the instant patent and immediately contacted the law firm.

Analysis

A reasonable and prudent owner of a patent would take steps to ensure maintenance fees would be timely paid. Such steps can take the form of retaining an attorney to notify the owner of due dates for maintenance fees.¹⁸ In this case, the facts are clear that petitioner initially retained Tachner and relied on Tachner to inform petitioner of when maintenance fees became due for petitioner’s patents. However, at some point prior to September 22, 2004, when the first maintenance fee became due, an entry was made in the docket records that “the client will pay

¹³ Paragraph 4.

¹⁴ Foreman declaration, Paragraph 7.

¹⁵ Paragraph 4 (emphasis added).

¹⁶ Declaration of Leonard Tachner, Paragraph 8.

¹⁷ Id. at Paragraph 10.

¹⁸ See *California Med. Products, Inc. v. Tecnol Med. Products, Inc.*, 921 F. Supp. 1219, 1259 (D. Del. 1995).

their own annuities.”¹⁹ The record is not clear that an error in docketing the payment of the maintenance fees occurred. The facts as set forth in the Foreman declaration do not show that any error in docketing was made by the party responsible for maintaining the docket records. What the facts of record show is that there was confusion between the client and the attorney over who would pay the maintenance fee.²⁰ Thus it cannot be concluded that petitioner has made an adequate showing of docketing error.

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish the delay was unavoidable.²¹ Petitioner is reminded that it is the patentee’s burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner that the delay in payment of a maintenance fee is unavoidable.²² It is impossible to say which version of the facts is accurate, Foreman’s or Winefordner’s and Hermansen’s. The finding of one set of facts to be accurate is not the duty of the Director of the United States Patent and Trademark Office. Whereas here alternative scenarios or conflicting facts are put forward, a determination will not be made by the Director as which version is true since such a determination would require the Director to make affirmative findings. Petitioner has not carried the burden.

Petitioner states that Tachner was the party relied upon to track and pay maintenance fees. Such a showing establishes that petitioner was reasonable on relying on Tachner. However, reliance on a third party representative does not, per se, constitute “unavoidable” delay. Instead, when a party relies on an attorney to take certain steps, the petition must address not only the party’s actions *but also* address the attorney’s actions or inactions.²³

¹⁹ Foreman declaration, paragraph 4.

²⁰ Foreman declaration, paragraph 7.

²¹ *Cf. Commissariat A. L'Energie Atomique v. Watson*, 274 F.2d 594, 597, 124 U.S.P.Q. (BNA) 126, 128 (D.C. Cir. 1960) (35 U.S.C. § 133 does not require the Commissioner to affirmatively find that the delay was unavoidable, but only to explain why the applicant’s petition was unavailing.).

²² *See Rydeen v. Quigg*, 748 F. Supp. 900, 16 U.S.P.Q. 2d (BNA) 1876 (D.D.C. 1990), *aff’d*, 937 F.2d 623 (Fed. Cir. 1991)(table); *See also Ray v. Lehman*, 55 F.3d 606 (Fed. Cir. 1995) and *Burandt v. Dudas*, 496 F. Supp. 2d 643, 649 (E.D. Va. 2007) (“A patent owner seeking to reinstate an expired patent bears the burden of proving that the delay was ‘unavoidable.’”) (citing *R.R. Donnelley & Sons, Co. v. Dickenson*, 123 F. Supp. 2d 456, 459 (N.D. Ill. 2000)).

²³ *See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P’ship*, 507 U.S. 380, 396, 397 (1993) (“The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents’ agent, did all he reasonable could to comply with the court-order bar date. In this, the court erred. . . . [I]n determining whether respondents’ failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable.” (emphasis in original)). In *Huston v. Ladner*, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney’s actions. The majority was unpersuaded by the dissent which states in part that the “errors occurred despite exceptional vigilance by the client.”

The Supreme Court has stated,

Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.' ²⁴

Here the record fails to show that adequate steps within the meaning of 37 C.F.R. § 1.378(b)(3) were taken by or on behalf of petitioner to pay the fee after the docket entries were removed by Ms. Foreman. Petitioner is reminded that 37 C.F.R. § 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fees.²⁵ In the absence of a showing of the steps taken by or on behalf of petitioner, 37 C.F.R. § 1.378(b)(3) precludes acceptance of the maintenance fee.²⁶

It is well established that failure in communications between a client and his or her attorney does not constitute unavoidable delay. Here it would appear that a misunderstanding has occurred over who would be responsible for tracking and paying the maintenance fee. The failure in communication is not considered to be unavoidable error. Delay resulting from a lack of proper communication between an applicant and his representative as to the responsibility for timely filing a communication with the USPTO does not constitute unavoidable delay.²⁷ Moreover, the USPTO is not the proper forum for resolving a dispute between a patent owner and his representative as to who bore responsibility for paying a maintenance fee.²⁸

Decision

The prior decision which accepted the delayed payment of a maintenance fee for the instant patent has been vacated. For the reasons herein, the entire delay in this case cannot be regarded

²⁴ *Link v. Wabash Railroad Co.*, 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) (quoting *Smith v. Ayer*, 101 U.S. 320, 326 (1880)).

²⁵ *Ray*, 55 F.3d at 609, 34 U.S.P.Q. 2d (BNA) at 1788.

²⁶ See *Korsinsky v. Godici*, 2005 U.S. Dist. LEXIS 20850 at *13 (S.D. N.Y. 2005), *aff'd sub nom*, *Korsinsky v. Dudas*, 2007 U.S. Dist. LEXIS 7896 (Fed. Cir. 2007); *R.R. Donnelley & Sons, Co. v. Dickinson*, 123 F. Supp. 2d 456, 459 (N.D. Ill. 2000) (failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee); *California Med. Products, Inc. v. Tecnol Med. Products, Inc.*, 921 F. Supp. 1219, 1259 (D. Del. 1995); *MMTC v. Rogan*, 369 F. Supp. 2d 675 (E.D. Va. 2004) (passive reliance on USPTO reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); *Femspec v. Dudas*, 2007 U.S. Dist. LEXIS 8482 (N.D. Ca. 2007) (lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); *Burandt v. Dudas*, 496 F. Supp. 2d 643, 650 (E.D. Va. 2007) (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees).

²⁷ See *In re Kim*, 12 U.S.P.Q. 2d (1595 (Comm'r Pat. 1988)); *Ray v. Lehman*, 55 F.3d 606, 610, 34 U.S.P.Q. 2d (BNA) 1786, 1789 (Fed. Cir. 1995).

²⁸ *Ray*, 55 F.3d at 610, 34 U.S.P.Q. 2d at 1789.

as unavoidable within the meaning of 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b). Therefore, the petition is **denied**.

As stated in 37 CFR 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.

A handwritten signature in black ink, appearing to read "Charles Pearson", followed by a long horizontal line extending to the right.

Charles Pearson
Director
Office of Petitions